

Message Text

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ACTION IO-14

INFO OCT-01 CIAE-00 CU-02 INR-07 NSAE-00 AID-05 USIA-06

AF-10 ARA-10 EA-07 EUR-12 NEA-10 ISO-00 IOE-00

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FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 4741

INFO USMISSION USUN

USMISSION GENEVA

AMEMBASSY LONDON

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NESCO

E.O. 11652: N/A

TAGS: UNESCO, AORG, PORG

SUBJECT: UNESCO: GENEVA GROUP DISCUSSION AND
RECOMMENDATION ON SETTING BUDGET CEILING

REF: LONDON 09692

1. GG UNESCO MET ON JUNE 22 TO DISCUSS A BUDGET CEILING
IN VIEW OF 1979-80 BUDGET HYPOTHESIS (SEE PARA 11) WHICH
WAS CALCULATED BY AUSTRALIA'S PERM REP AS CHAIRMAN GG
WORKING GROUP.

2. FOLLOWING PRESENTATION OF BUDGET HYPOTHESIS BY
AUSTRALIAN AND DISCUSSION PRINCIPAL ASSUMPTIONS, GG
MEMBERS UNANIMOUSLY AGREED WITH STUDY PROJECTIONS THAT
DG'S BUDGET WILL COME IN AROUND 284 MILLION DOLLARS, OR
27 PERCENT ABOVE 1977-78 BIENNIUM. WE WILL BE ABLE TO
CONFIRM THIS ONLY WHEN SECRETARIAT FIGURES ARE RELEASED
(103 EX/5), PROBABLY DURING FIRST HALF OF AUGUST. ONLY
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DISAGREEMENT TO HYPOTHESIS CONCERNED 17 PERCENT INFLATION
RATE COVERING 1979-80. MOST MEMBERS BELIEVED THAT THIS
FIGURE IS LOW. AUSTRALIAN REP REPLIED THAT 17 FIGURE IN
FACT REPRESENTS SECRETARIAT SENSITIVITY TO OFFICIAL
FRENCH GOVERNMENT ESTIMATES WHICH APPARENTLY ARE LOWER
STILL.

3. WHILE GG MEMBERS CONFIRMED BELIEF THAT HYPOTHESIS REPRESENTS SECRETARIAT'S PROBABLE BUDGET POSITION, MOST DOUBTED THAT THEIR GOVERNMENTS COULD SUPPORT A 27 PERCENT INCREASE. CANADIANS REGISTERED THEIR GENERAL OPPOSITION, WHILE FRG, ITALIAN, JAPANESE AND US REPS SAID IT CERTAIN THAT THEIR GOVTS WOULD JOIN IN EARLY REJECTION.

4. QUESTION REMAINED HOW GG MEMBERS MIGHT REGISTER JOINT OPPOSITION TO SUCH AN INCREASE. MAJOR PROBLEM AS OUTLINED BY ITALIAN REP IS, THAT WAY IN WHICH BUDGET IS CONSTRUCTED (CLEARLY PUT IN HYPOTHESIS OUTLINE) PRECLUDES SUCCESSFUL INTERVENTION THROUGH DEBATE ON ELEMENTS OF THAT FORMULA. FOLLOWING THIS FORMAT, ONLY POINT OF ATTACK TO BRING ABOUT REDUCTION, HE POINTED OUT, WOULD BE IN ITEM NO.2, THE COEFFICIENT OF REAL PROGRAM GROWTH. SINCE PERCENTAGE IS A "SACRED COW" FOR VAST MAJORITY OF UNESCO MEMBERS, ITALIAN SAID GG MEMBERS COULD ONLY ANTAGONIZE MAJORITY BY DEBATING THIS FIGURE, WITH NO GENUINE EXPECTATION FOR DIMINISHING IT.

5. MEMBERS ALSO DISCUSSED POSSIBILITY FOR ADDRESSING 16 QUESTIONS DEVELOPED FROM CANADIAN PAPER AND GENEVA 4725 TO ADG FOR ADMINISTRATION RIGAUD AS METHOD FOR REGISTERING GG UNESCO INTEREST AND CONCERN IN BUDGETARY MATTERS. GG MEMBERS GENERALLY FELT, HOWEVER, THAT SECRETARIAT WOULD BE ABLE TO ANSWER ALL, OR NEARLY ALL LIMITED OFFICIAL USE

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OF THE QUESTIONS, TO THE SATISFACTION OF THE MAJORITY OF UNESCO'S MEMBERSHIP, AND THEREFORE NOT CONSTITUTE A PRODUCTIVE EFFORT IN BATTLE TO REDUCE BUDGET.

6. FRG REP PUT MEETING BACK ON TRACK STATING THAT HE BELIEVED HIS GOVT WOULD NOT VOTE FOR ANY BUDGET THAT IMPLIED REAL GROWTH, ALTHOUGH IT WOULD BE A MISTAKE TO ATTACK THE GROWTH RATE ITSELF. RATHER, HE SAID IT IS POSSIBLE THE FRG WOULD BE WILLING TO VOICE ITS SUPPORT FOR AN ABSOLUTE GROWTH OF 20 PERCENT, I.E. A BUDGET CEILING FOR 1979-80 OF ABOUT 270 MILLION DOLLARS. THIS WOULD IN FACT CONSTITUTE AN "INDICATIVE TARGET FIGURE" (ITF).

7. IT IS NOT CERTAIN, HOWEVER, THAT ALL GG MEMBERS COULD GO ALONG WITH THIS FORMULA. BOTH AUSTRALIAN AND NETHERLANDS REPS BELIEVED THAT THEIR GOVERNMENTS WOULD NOT GO ALONG WITH ADOPTING A BUDGET CEILING WHICH EXCLUDED AT LEAST SOME REAL PROGRAM GROWTH AND SWEDEN AND SWITZERLAND WERE ABSENT. NONETHELESS, BOTH SAID THEY WOULD GO ALONG WITH OTHER GG MEMBERS AND FORWARD CONCEPT OF 270 MILLION BUDGET CEILING TO THEIR GOVERNMENTS,

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INFO OCT-01 CIAE-00 CU-02 INR-07 NSAE-00 AID-05 USIA-06
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ASKING FOR INSTRUCTIONS.

8. US PERM DEL (IN CHAIR) URGED POSSIBLE FORMULA TO INSURE UNANIMOUS GG ACTION IN GOING TO SECRETARIAT. HE SUGGESTED THAT TEXT OF MESSAGE TO M'BOW MIGHT READ THAT "270 MILLION BUDGET WOULD BE ONE THAT ALL MEMBERS OF GG WOULD SUPPORT." RELUCTANT GG MEMBERS COULD THEN JOIN IN CONSENSUS. NEXT GG MEETING WILL BE HELD ON JULY 11 TO SEE WHETHER GOVTS HAVE BEEN ABLE TO AGREE TO THIS FIGURE AND PROCEDURE. IF CONSENSUS IS POSSIBLE, SUCH A MESSAGE WOULD BE PREPARED AT JULY 11 MEETING, AND ADDRESSED TO M'BOW SHORTLY AFTERWARD SO THAT SUFFICIENT TIME WOULD REMAIN TO MAKE IMPACT ON SECRETARIAT'S BUDGET BEFORE IT IS PUBLISHED AND DISTRIBUTED DURING FIRST PART OF AUGUST.

9. PERM DEL REALIZES THAT GG (CL) INTENTION WAS THAT UNESCO INTRODUCE "ITF" TO SECRETARIAT ONLY DURING 1981-82 BUDGET CYCLE. WE FEEL, HOWEVER, THAT IF GG GOVTS CAN
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AGREE TO A CEILING FOR THIS BIENNIAL EXERCISE, IT WOULD BE WELL TO BEGIN NOW TO DRAW SECRETARIAT'S ATTENTION TO COLLECTIVE GG ACTION BEFORE SECRETARIAT HAS RELEASED ITS BUDGET FORECAST.

10. RE LONDON 09692, WE TOOK OCCASION TO DISCUSS UK POSITION WITH CARR. HE FELT MARTIN WOULD NOT WANT UK TO TAKE ANY STRONG ACTION IN THE 1979-80 BUDGET WHICH WOULD PUT MARTIN IN OPPOSITION TO DG. CARR SAID HE HAD NO INSTRUCTION TO CHANGE THIS POSITION.

11. FOLLOWING IS TEXT OF "BUDGET HYPOTHESIS FOR 1979-80:"

BEGIN QUOTE: THE DIRECTOR GENERAL HAS NOT YET GIVEN HIS DIRECTIVES ON THE STRUCTURE AND CONTENT OF DOCUMENT 103 EX/5. MEMBERS OF THE SECRETARIAT, INCLUDING THE BUREAU OF THE BUDGET, ARE UNDER STRICT INSTRUCTIONS NOT TO DISCUSS CONFIDENTIAL MATERIAL WITH THE REPRESENTATIVES OF MEMBER STATES EXCEPT WITH THE DIRECTOR GENERAL'S EXPRESS AUTHORITY.

THE FIGURES SET OUT HEREUNDER THEREFORE REPRESENT ONLY A CALCULATED GUESS, BUILT UP ON FACTUAL ELEMENTS OBTAINED WITHOUT DIFFICULTY FROM A WIDE RANGE OF SOURCES WITHIN THE SECRETARIAT. CROSS-CHECKING SUGGESTS THAT THE RESULTING TOTALS ARE PROBABLY CLOSE ENOUGH TO THOSE LIKELY TO APPEAR IN 103 EX/5 TO WARRANT CONSIDERATION BY THE GENEVA GROUP, IN THE ABSENCE OF ANYTHING MORE AUTHORITATIVE AT THIS STAGE.

1. "CONSTANT DOLLAR" BUDGET FOR 1977-78

PARTS I-V	D	\$ 208,707,000
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2. PROGRAMME GROWTH AT 6.8 OF PART II

LESS CPX (1)	8,790,000
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3. CONSEQUENT NEED FOR GROWTH IN PARTS I, III, IV, V AND CPX, VARYING BETWEEN

2 AND 4	2,467,000
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4. PROGRESS TOTAL 219,963,000

5. INFLATION IN 1977-78 AT 17 OF 4 37,393,000

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6. PART VI APPROPRIATION RESERVE FOR 1979:

7 OF 4 # 5	18,014,000
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7. PART VII CAPITAL EXPENDITURE INCLUDING

6TH BUILDING AMORTIZATION PAYMENT	7,000,000
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8. OTHER "MANDATORY" ADDITIONS

3RD STAGE OF CHINESE LANGUAGE	1,000,000
MAINTENANCE OF 6TH BUILDING FOR 9	
ADDITIONAL MONTHS	720,000

9. GENERAL TOTAL \$ 284,090,000

(1) IT SEEMS LIKELY THAT 103 EX/5 WILL PRESENT TWO
ALTERNATIVE GROWTH RATES, 6.8 AND 8. THE
ARGUMENTS WILL PROBABLY BE THAT THE GROWTH RATE FOR
1977-78 FELL SHORT OF THE INDICATIVE AVERAGE GROWTH
RATES IN THE MEDIUM-TERM PLAN, AND THAT THIS SHORTFALL
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CANNOT BE ALLOWED TO ACCUMULATE. IF A GROWTH RATE OF 8
WERE CHOSEN, IT WOULD GIVE AN AMOUNT OF \$10,341,000
UNDER 2 ABOVE, AND A GENERAL TOTAL OF \$286,032,000.
END QUOTE.
GAMMON

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Disposition Approved on Date:
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